

Harry,

1. I talked with Andy on the question of the disability retirement cases and approving leave without pay in those cases until 31 December, possible effective date for Daniels' Bill. I asked Andy what he would do or how he might react if one of his employees, whose application for disability retirement had been approved, requested leave without pay in order to profit from the enactment of the Daniels' Bill.

2. Andy responded by saying that there was nothing immoral or unethical about approving leave without pay for this purpose. He said that his decision would have to be made on a management basis. He would have to be concerned with the number of such requests from persons who are encumbering slots and who are not on the job to perform.

3. He said also, that approving leave without pay under the circumstances which I presented would be consistent with BRI's past action and he gave an example; in August of 1956 the basis for computing Civil Service annuities was changed, effective October 1956. (Previously, annuities were computed on the basis of $1\frac{1}{2}\%$ of the high five times the number of years of service. The new law changed the annuity computation to $1\frac{1}{2}\%$, $1\frac{3}{4}\%$, and 2% etc.) Andy said that in order to permit as many people as possible to profit from the new computations he authorized some specific actions; approving leave without pay was one but he also approved a blanket exemption to mandatory retirement.

4. An additional precedent for approving leave without pay comes from cost of living increases. Leave without pay so that individuals can get such increases has actually been encouraged.


5. Consequently, there is no question now that approving leave without pay for our disability retirees is proper. The individual concerned would have to clearly understand that he

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would forfeit annuity from the first day of his leave without pay to what becomes, eventually, his separation date (on enactment of the Daniels' Bill).

6. I asked Andy when he thought the Daniels' Bill might become law. His best guess is that the law will either be signed or vetoed by the President before 31 October, so that retiring employees would be able to get the new cost of living increases and all of the benefits of the Daniels' Legislation.

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